

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2021

Docket No. ACR2021

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 1-18 OF CHAIRMAN'S INFORMATION REQUEST NO. 13**

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 13, issued on February 10, 2022. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

1. Please explain how the Postal Service is maintaining or expanding customer access to postal services in rural or remote areas as well as underserved postal communities. In the response, please:
  - a. Describe specific steps taken to expand customer access in response to the COVID-19 pandemic.
  - b. Describe any plans or initiatives the Postal Service has to maintain or improve customer access to postal services in rural or remote areas and underserved postal communities during the COVID-19 pandemic and in future years.

**RESPONSE:**

- a. A tracking of affected sites is maintained daily to monitor temporary closures and re-openings, in order to ensure that access to postal services is maintained in rural and/or remote areas throughout the pandemic. Suppliers of non-postal operated facilities were furthermore provided a letter to clarify their standing as essential federal government suppliers in order to keep operations open and to allow unimpeded travel for supplier employees so as to ensure that they would continue to work on Postal Service-related activities.
- b. The Postal Service undergoes an evaluation process to review the service needs of each community. This process involves the review of (among other factors) volume data, P.O. box availability, workhours, retail transactions, delivery growth, customer satisfaction ratings and verbatim comments left on POS surveys. Typically, the Postal Services compares this data to the analogous Same Period Last Year (SPLY) data with an eye towards customer facing needs. Moreover, Postal Service management will introduce training on Contract Postal Units

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

(CPUs) and Approved Shippers (AS) in April FY2022 and share relevant information with representatives from all 50 Districts. This should assist local personnel with scouting for and opening discussions around CPU/AS solicitation.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

2. The Postal Service states it earned \$2.5 billion in alternate access revenue in FY 2020.<sup>1</sup>
- a. Please fill in the following table with information on revenue from alternate access channels.

**Revenue by Alternate Access Channel**

<b>Alternate Access Channel</b>	<b>FY 2020 Revenue</b>	<b>FY 2021 Revenue</b>
<b>Total Revenue from Alternate Access Channels</b>	\$2.5 Billion	

- b. For each alternate access channel, please:
- i. Describe each channel and explain what transactions are included for each channel.
  - ii. Provide the number of transactions and revenue by class or product. If either or both of these data are not available, please explain why.
  - iii. Explain how the data for each channel are generated. In the response, please explain how data for each channel are identified and how overlap is avoided.
  - iv. If one of the alternate access channels is called "Other," "Miscellaneous," or something similar, please describe the types of transactions that are included in that channel.

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<sup>1</sup> United States Postal Service, Postal Facts – A Decade of Facts & Figures, available at <https://facts.usps.com/table-facts/>.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

**RESPONSE:**

a.

<b>Alternate Access Channel</b>	<b>FY 2021 Revenue</b>	<b>FY 2020 Revenue</b>
Stamps Sales by Partners	\$910,454,566	\$898,068,718
SSK\APC	\$348,901,131	\$343,509,280
Stamps by Mail\Phone	\$82,918,279	\$84,523,356
Contract Units (meters)	\$139,215,667	\$141,153,378
Click N Ship	\$544,602,320	\$529,006,818
Other (see below)	\$637,474,541	\$612,621,607
<b>Total Alternate Access Retail</b>	<b>\$2,663,566,504</b>	<b>\$2,608,883,157</b>

b.

i.

*Stamp Sales by Partners* comprises stamps sold by key suppliers (e.g., Costco, Walmart, and others).

SSK comprises transactions performed via Self-Service Kiosks in Postal Service retail lobbies.

*Stamps by Mail/Phone/Fax* comprises online stamp ordering via usps.com.

*Contract Units* comprises revenue generated by Contract Postal Units, Community Post Offices, and Village Post Offices.

*Click-n-Ship* is an online mail service where customers can create an account, purchase postage for packages, and schedule pick-up service.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

ii.

The Postal Service's accounting records are unable to provide, for each alternate access channel, the number of transactions or the revenue by class or product. At the time a transaction occurs, it is not necessarily possible to tie the revenue from that transaction to class or product.

iii.

The accounting systems record revenue from different retail channels separately; this assures that no overlap between data sources occurs.

iv.

*Other* comprises online services, commemorative stamp sales and philatelic products, stamped envelope sales, Approved Shipper sales, Forever Stamps and Stamps to Go.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

3. Please refer to the Retail Revenue by Channel table filed in Docket No. ACR2020.<sup>2</sup> Please confirm that the retail revenue channels listed in this table include revenue from each alternate access channel listed in question 2. above.
- a. If confirmed, please explain how the retail revenue channels account for revenue from alternate access channels.<sup>3</sup>
  - b. If not confirmed, please provide a list of retail revenue channels that includes revenue from alternate access channels.

**RESPONSE:**

Confirmed. The table, updated for this year, is as follows:

<b>Channel</b>	<b>FY 21 Revenue</b>	<b>FY 20 Revenue</b>	<b>% Change from FY 20</b>
Post Office Revenue	\$10,499,504,501	\$10,272,109,169	2.21%
Stamps Sales by Partners	\$910,454,566	\$898,068,718	1.38%
SSK\APC	\$348,901,131	\$343,509,280	1.57%
Stamps by Mail\Phone	\$82,918,279	\$84,523,356	-1.90%
Contract Units (meters)	\$139,215,667	\$141,153,378	-1.37%
Click N Ship	\$544,602,320	\$529,006,818	2.95%
Other	\$637,474,541	\$612,621,607	4.06%
<b>Sub-Total Alternate Access Retail</b>	<b>\$2,663,566,504</b>	<b>\$2,608,883,157</b>	<b>2.10%</b>
<b>TOTAL RETAIL REVENUE</b>	<b>\$13,163,071,005</b>	<b>\$12,880,992,325</b>	<b>2.19%</b>

- a. Each row in the alternate access channel table provided in response to Question 2 of this Information Request corresponds to the same row in the Retail Revenue

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<sup>2</sup> Docket No. ACR2020, Responses of the United States Postal Service to Questions 1-38 of Chairman's Information Request No. 1, January 19, 2021, question 2.

<sup>3</sup> E.g., revenue from alternate access channels is included in one of the retail revenue channels.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

by Channel table provided in Docket No. ACR2020, and in the Retail Revenue by  
Channel table provided above for this year.

b. N/A.



**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

4. For each retail revenue channel listed in response to question 3. above, please:
- a. Fill in the following table.

**Retail Revenue by Channel**

<b>Retail Channel</b>	<b>FY 2021 Revenue</b>	<b>Share of Total Retail Revenue</b>	<b>Change from FY 2020</b>
<b>Total Retail Revenue</b>			

- b. Describe each channel and explain what retail revenue is included.
- c. Provide the number of transactions and revenue by class or product. If either or both of these data are not available, please explain why.
- d. Explain how the data for each channel are generated. In the response, please explain how data for each channel are identified and how overlap is avoided.
- e. If one of the retail channels is called "Other," "Miscellaneous," or something similar, please describe the types of transactions that are included in that channel.

**RESPONSE:**

- a.

<b>Channel</b>	<b>FY 2021 Revenue</b>	<b>Share of Total Retail Revenue</b>	<b>Share Change from FY 2020</b>
Post Office Revenue	\$10,499,504,501	79.76%	0.02%
Stamps Sales by Partners	\$910,454,566	6.92%	-0.06%
SSK\APC	\$348,901,131	2.65%	-0.02%
Stamps by Mail\Phone	\$82,918,279	0.63%	-0.03%
Contract Units (meters)	\$139,215,667	1.06%	-0.04%
Click N Ship	\$544,602,320	4.14%	0.03%

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

Other (see below)	\$637,474,541	4.84%	0.09%
<b>Sub Total Alternate Access Retail</b>	<b>\$2,663,566,504</b>	<b>20.24%</b>	<b>0.02%</b>
<b>TOTAL RETAIL REVENUE</b>	<b>13,163,071,005</b>	<b>100%</b>	<b>N/A</b>

Please note that that change in revenue for each channel (relative to FY 2020) can be observed in the updated table provided in response to Question 3 of this Information Request.

b.

*Post Office Revenue* comprises retail postage; retail services (insurance, certified mail, registered mail, signature confirmation, etc.); and retail products sales (stamps, greeting cards, packaging products, money orders, etc.).

For descriptions of the alternate access retail channels, please see the response to Question 2.b.i of this Information Request.

c.

Please see the response to Question 2.b.ii of this Information Request.

d.

Please see the response to Question 2.b.iii of this Information Request.

e.

Please see the response to Question 2.b.iv of this Information Request.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

5. Please refer to Response to CHIR No. 1 filed in this docket.<sup>4</sup> The Postal Service reports there were 441 Village Post Offices (VPOs) at the beginning of FY 2021. Response to CHIR No. 1, question 3. 27 VPOs closed, resulting in 414 VPOs at the end of FY 2021. *Id.* By contrast, in Response to CHIR No. 1, question 6, the Postal Service reports that there were 442 VPOs at the end of FY 2020/beginning of FY 2021. Please provide the correct number of VPOs at the beginning of FY 2021, and reconcile any discrepancies between Response to CHIR No. 1, questions 3 and 6.<sup>5</sup>

**RESPONSE:**

The number of VPOs at the beginning of FY 2021- **441**

The number of VPOs opened in FY 2021- **No new VPOs opened in FY 2021**

The number of VPOs closed in FY 2021- **30**

The number of VPOs at the end of FY 2021- **411**

At the end of FY20, the Postal Service reported 442 VPOs. However, it has since come to light a VPO termination processed in FY21 had an actual date of FY20, which brings the number to 441. Please note that, as these numbers are retrieved from the CPUT system, they may change when contractual transactions are processed with an effective date in a prior fiscal year, dependent upon the transaction.

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<sup>4</sup> Responses of the United States Postal Service to Questions 1-29 of Chairman's Information Request No. 1, January 18, 2022 (Response to CHIR No. 1).

<sup>5</sup> For example, if there were 442 VPOs at the beginning of FY 2021, and 27 of them closed, there would be 415 VPOs at the end of FY 2021.

<sup>6</sup> As numbers are retrieved from CPUT, please note numbers change when contractual transactions are processed with an effective date in a prior fiscal year, dependent upon the transaction.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

6. The Postal Service explains that several factors contributed to increased wait time in line in FY 2021, including increases in walk in revenue, non-revenue packages and drop offs, and passport services, as well as reduced employee availability during the COVID-19 pandemic. Response to CHIR No. 1, question 7. Please explain how the Postal Service plans to improve wait time in line in FY 2022 and future years. In the response, please describe specific actions, strategies, or initiatives that are designed to address the factors contributing to increased wait time in line, including reduced employee availability.

**RESPONSE:**

Please note that Year to Date, the Postal Service has seen an improvement of 2.74 percent in Wait Time in Line compared to Same Period Last Year.

The Postal Service has developed strategies designed to address the factors contributing to increased wait time in line, including: improving clerk scheduling; supporting additional technology deployment; engaging lobby assistance; disseminating Learn and Grow Webinars that focus on Wait Time in Line; conducting on-site reviews at identified as "vital" based on key performance indicators; conducting a deep dive analysis of Wait Time in Line failures; maintaining standard work instructions in a central location accessible to Postal Service employees; and fostering retail support specialist peer networking and development in order to bolster these specialists' knowledge base.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

7. In the FY 2021 ACR, the Postal Service reports that the Self-Service Kiosk (SSK) Prepaid Acceptance Pilot was expanded to all SSKs in December 2020, which resulted in customers “recognizing a reduction in wait-time-in-line and corresponding improved customer experience as a result of the reduction in traffic at the retail counter.” FY 2021 ACR at 61-62. Please explain how the SSK Pilot reduced wait time in line and improved customer experience considering that wait time in line increased in FY 2021.

**RESPONSE:**

Staffing continued to be problematic for the Postal Service in FY 2021, as it was for many businesses during the COVID-19 pandemic. These staffing shortages contributed to an increased wait time in line even with the expansion of the Prepaid Acceptance Pilot to all Self-Service Kiosks (SSKs) in December 2020. However, it is reasonable to assume that wait times would have been even greater if the 11.5 M transactions, or 22.8 percent of all prepaid transactions, had not been moved to SSKs and away from the retail window.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

8. In the FY 2020 ACD, the Commission recommended that the Postal Service “consider asking about service performance for each [Market Dominant] mailing service to provide further insight into customer satisfaction with specific mailing services and to allow the Postal Service to assess how service performance results affect customer satisfaction with those mailing services.”<sup>6</sup> The Delivery and Large Business Panel surveys currently ask about overall customer satisfaction with specific Market Dominant mailing services. See FY 2021 ACR at 73-74. Please explain whether the Postal Service has considered also asking questions about customer satisfaction with service performance for specific Market Dominant mailing services in the Delivery and Large Business Panel surveys. If the Postal Service decided not to add these questions to the surveys, please explain why.

**RESPONSE:**

The Postal Service considered this recommendation but did not adopt it because of possible negative consequences. For instance, increasing the length of these surveys could increase the abandonment rate, which would lead to fewer responses.

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<sup>6</sup> Docket No. ACR2020, *Annual Compliance Determination Report*, Fiscal Year 2020, March 29, 2021, at 234 (FY 2020 ACD).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

9. Please refer to the FY 2020 ACD at 115, which the Commission noted that certain Areas had increased proportions of Critically Late Trips (CLTs) relative to FY 2019, and recommended that the Postal Service “investigate the underlying reasons for proportional increases and attempt to cross-apply the best practices used by the Capital Metro, Eastern, and Northeast Areas, each of which contributed a lower proportion of nationwide CLTs in FY 2020 than in FY 2019.” Did the Postal Service perform any such investigation in FY 2021?
- a. If yes, please explain in detail the methodology and results of the investigation.
  - b. If no, please explain why the Postal Service did not perform such an investigation.

**RESPONSE:**

No.

- a. Not applicable.
- b. Rather than performing an investigation comparing Areas as described, with respect to Critically Late Trips (CLTs) the Postal Service focused its attention on issues that could help improve all Areas. The Postal Service continues to monitor and track CLTs in an effort to better identify and understand supplier issues. Logistics will continue to focus on improvement in route load percent achieved and driving towards a more efficient primary surface network. Processing operations will continue to focus on operational clearance times, staffing availability and overall machine performance. The Postal Service focused on implementing routings related to service standard changes; the Postal Service also

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

focused on reduction of "As Needed contracts," reduction of Charter and surface bedload use with the supplier network. The definition of an "As Needed contract" is a Highway Contract Route that is not assigned to operate between any specific facilities. These trips were often used for off-loads of primary working volumes and to support the movement of processed mail to destinations where the regular scheduled trip either bulked-out or could not move all volumes. Charters are additional supplier aircrafts operated to move excess volumes. Bedloads are Highway Contract Routes generally operated as an "Extra" in most markets. They are trips that are "bed loaded/deck loaded" from origin, and they are operated when the regular scheduled flight does not have the capacity or capability to move all volumes. The Surface Logistics group placed a strong focus on these three items to reduce overall general cost to operate the national network.



**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

**10.** Please see Attachment, filed under seal.

**RESPONSE:**

Please see the response filed under seal as part of USPS-FY21-NP40.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

**11.** Please see Attachment, filed under seal.

**RESPONSE:**

Please see the response filed under seal as part of USPS-FY21-NP40.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

**12.** Please see Attachment, filed under seal.

**RESPONSE:**

Please see the response filed under seal as part of USPS-FY21-NP40.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

**13.** Please see Attachment, filed under seal.

**RESPONSE:**

Please see the response filed under seal as part of USPS-FY21-NP40.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

**14.** Please see Attachment, filed under seal.

**RESPONSE:**

Please see the response filed under seal as part of USPS-FY21-NP40.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

**15.** Please see Attachment, filed under seal.

**RESPONSE:**

Please see the response filed under seal as part of USPS-FY21-NP40.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

**16.** Please see Attachment, filed under seal.

**RESPONSE:**

Please see the response filed under seal as part of USPS-FY21-NP40.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

**17.** Please see Attachment, filed under seal.

**RESPONSE:**

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**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 13**

**18.** Please see Attachment, filed under seal.

**RESPONSE:**

Please see the response filed under seal as part of USPS-FY21-NP40.